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Press Release

Milliman analysis: Corporate pension funded status rises to 105.6% at end of March

Milliman PFI plans end strong first quarter with highest funding ratio since October 2022

SEATTLE – APRIL 4, 2024 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Milliman 100 Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans.

During March, the Milliman 100 PFI funded ratio rose from 105.3% at the end of February to 105.6% as of March 31. After rising for the first two months of 2024, discount rates fell in March by 11 basis points to 5.24%, which caused plan liabilities to rise \$14 billion, to \$1.299 trillion. Thanks to offsetting investment returns of 1.83%, the market value of PFI plan assets rose \$19 billion to \$1.373 trillion as of March 31.

“Pension funded status improved for all three months of the first quarter, and strong market returns helped to offset the effect of March’s discount rate declines,” said Zorast Wadia, author of the PFI. “However, if the Fed cuts rates as expected and corporate bond discount rates continue to fall, the funded status gains may dissipate unless plan sponsors adhere to liability-matching investment strategies.”

Looking ahead, under an optimistic forecast with rising interest rates (reaching 5.69% by the end of 2024 and 6.29% by the end of 2025) and annual asset returns of 9.8%, the funded ratio would climb to 115% by the end of 2024 and 130% by the end of 2025. Under a pessimistic forecast with similar interest rate and asset movements (4.79% discount rate at the end of 2024 and 4.19% by the end of 2025 and 1.8% annual returns), the funded ratio is projected to decline to 99% by the end of 2024 and 90% by the end of 2025.

The 2024 Milliman Corporate Pension Funding Study will be released later this month. To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see Milliman’s full range of annual Pension Funding Studies, go to <https://www.milliman.com/en/retirement-and-benefits/pension-funding-studies>. To receive regular updates of Milliman’s pension funding analysis, contact us at pensionfunding@milliman.com.

About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit milliman.com.

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